

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

First-Class Package Service (FCPS)
Service Standard Changes, 2021

Docket No. N2021-2

PRESIDING OFFICER'S INFORMATION REQUEST NO. 7

(Issued July 22, 2021)

Pursuant to Order No. 5920¹ and 39 C.F.R. §§ 3020.117 and 3020.118, the Postal Service is requested to respond to the following questions to clarify the record on its request for an advisory opinion under 39 U.S.C. § 3661(c) regarding First-Class Package Service (FCPS) Service Standard Changes.² To facilitate the inclusion of the requested material in the evidentiary record, the Postal Service shall have a witness attest to the accuracy of the answers. For each question, produce every document (including any calculations, analysis, assumptions, studies, or workpapers) used, relied upon, or referenced in preparing the response. Responses shall be provided as soon as they are available, but no later than July 29, 2021.

¹ Notice and Order on the Postal Service's Request for an Advisory Opinion on Changes in the Nature of Postal Services, June 21, 2021 (Order No. 5920).

² United States Postal Service Request for an Advisory Opinion on Changes in the Nature of Postal Services, June 17, 2021 (Request).

The following questions refer to witness Hagenstein's testimony (USPS-T-1):³

1. In Docket No. N2021-1, the Postal Service provided an analysis of the effects of the proposed service standards on urban and rural areas.⁴
 - a. Please provide a similar analysis for all FCPS volume for urban and rural areas, identifying the percentage of urban or rural mail volume that will stay the same, experience a service upgrade, and experience a service downgrade. If the Postal Service cannot provide such data, please explain why not.
 - b. Please provide a disaggregated analysis showing the data requested in subpart a. for FCPS-Retail volume only. If the Postal Service cannot provide such data, please explain why not.
2. Does the Postal Service perform root cause analysis of service performance failure for FCPS?
 - a. If so, please provide the root cause analysis performed, citing any available quantitative or qualitative analysis conducted. If there are separate root causes for retail and commercial FCPS, please identify what materials are available with such separation, and provide them.
 - b. If the Postal Service does not perform such analysis, please explain and provide any available quantitative or qualitative analysis previously conducted by USPS, that can provide a comprehensive explanation for all

³ Direct Testimony of Stephen B. Hagenstein on Behalf of the United States Postal Service (USPS-T-1), June 17, 2021; see *a/so* Notice of Filing Replacement Direct Testimony of Stephen B. Hagenstein on behalf of the United States Postal Service (USPS-T-1), June 21, 2021; Notice of the United States Postal Service of Revisions to Certain Pages of the Request for an Advisory Opinion, USPS-T-1, USPS-T-2, and USPS-T-3 -- Errata, July 2, 2021 (Errata to Request and Testimony).

⁴ See Docket No. N2021-1, Direct Testimony of Stephen B. Hagenstein on Behalf of the United States Postal Service, April 21, 2021, at 24.

common reasons why FCPS fails to meet service standards and how these reasons might differ for the commercial and retail segments.

The following questions refer to witness Foti's testimony (USPS-T-3):⁵

3. Please refer to USPS-T-3 at 6, lines 1-2. The Postal Service states that “[k]ey customer segments that use FCPS include marketplaces, pharmaceutical companies, mass merchants, and apparel retailers.” Please provide the proportion of FCPS volume attributable to the customer segment “marketplaces,” showing volume that will experience service upgrades, downgrades, or no changes. If the Postal Service cannot provide such data, please explain why not.
4. Please provide the price elasticities for the retail and commercial segments of FCPS. If these elasticities are routinely provided to the Commission, please identify the docket in which they were more recently filed, as well as the reference number.
5. Please discuss how retail and commercial FCPS differ in terms of customer sensitivity to changes in price. Please also discuss how often the Postal Service updates this model, and what changes to the model were been made to reflect the product transfer to the Competitive product list. Please explain how retail and commercial FCPS compare in terms of attributable costs. In your response, please include an explanation of how any costs incurred by either the retail or the commercial category only (and not the other) would affect the cost profile. Please discuss what actions the Postal Service has undertaken to develop separate attributable costs, at the product level, for commercial and retail FCPS.

Ann C. Fisher
Presiding Officer

⁵ Direct Testimony of Thomas J. Foti on Behalf of the United States Postal Service (USPS-T-3), June 17, 2021.